



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Promote Policy and
Program Coordination and Integration in Electric Utility
Resource Planning.

Rulemaking 04-04-003
(Filed April 1, 2004)

**AND
BEFORE THE ENERGY COMMISSION
OF THE STATE OF CALIFORNIA**

Integrated Energy Policy Report Process
(Committee Draft Document Hearings)

CEC Docket No. 04-IEP-01K

**WOMEN'S ENERGY MATTERS
COMMENT ON DRAFT COMMITTEE POLICY REPORT
CHAPTERS 8 (WATER/ENERGY) AND 9 (CLIMATE CHANGE)**

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Examine the Commission's Future Energy Efficiency Policies, Administration and Programs	Rulemaking 01-08-028 Filed August 23, 2001
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**WOMEN'S ENERGY MATTERS
COMMENT ON DRAFT COMMITTEE POLICY REPORT
CHAPTERS 8 (WATER/ENERGY) AND 9 (CLIMATE CHANGE)**

Women's Energy Matters (WEM) appreciates this opportunity to comment on the Draft Committee Energy Policy Report, Chapters 8 (Water/Energy) and 9 (Climate Change) (reference: 04 IEP 1K Committee Draft Document Hearings)¹

WEM Comments on Chapter 8, Water/Energy

WEM is grateful for the Energy Commission's comprehensive discussion of the extent of electricity and natural gas involved in water uses in California and the involvement of water in the energy system.

The report describes a wealth of strategies to save water and energy and increase the effectiveness of water used in the electricity system, and recommends:

Near-term opportunities should be identified for inclusion in the 2006 2008 investor-owned utility (IOU) energy efficiency portfolios. (p. 140)

WEM wholeheartedly agrees, and hopes that the CEC will utilize its partnership with the CPUC in energy efficiency proceedings to push this point. Unfortunately, California's investor-owned utilities have largely neglected water-related efficiency measures in past programs, and current portfolios are weak on this issue.

¹ Note: our citations use the page numbers of the electronic document. We attempted to obtain a hard copy of the report, however our emissary who visited the Commission Monday Sept. 26, the day before the hearings begin, had to spend so much time locating the document that she was unable to deliver it to us in time to use it for these comments. First, the Stock Room employee told her that she needed a document number, the title and docket number were not sufficient. The document number is not listed on the Notice for the hearing, so we left messages with the public advisor but received no call back. Finally, we called Commissioner Boyd's office, where a staff member looked up the number. Still, the Stock Room said they had no copies on hand. Finally, Commissioner Boyd's staff graciously arranged to find a copy of the document for us, noting that they had printed a couple hundred copies and specifically requested the Stock Room to make them available to the public.

The report contains a gem of information about the greater cost-effectiveness of water-related energy efficiency vs. current investor-owned utility portfolios:

Significant untapped energy savings potential exists in programs focused on water use efficiency. Energy savings from such programs would achieve 95 percent of the savings expected from the 2006-2008 energy efficiency programs at 58 percent of the cost. Peak savings could account for 60 percent of planned-for reductions in demand.² (p. 147)

WEM thanks the Committee for the following, truly profound statement:

Given the interconnectedness of water and energy resources in California, the fact that cost-effectiveness is determined from the perspective of a single utility and a single resource poses barriers to achieving greater energy savings from water efficiency programs. Water utilities only value the cost of treating and delivering water. Wastewater utilities only value the cost of collection, treatment, and disposal. Electric utilities only value saved electricity. Natural gas utilities only value saved natural gas. This causes underinvestment in programs to increase the energy efficiency of the water use cycle, to increase agricultural and urban water use efficiency and to increase generation from renewable resources by water and wastewater utilities.

WEM believes this statement, plus the much greater cost-effectiveness of water/energy savings, are great arguments for a water/energy efficiency system that is independent of utilities. We look forward to the day that the Commission puts two and two together and withdraws its support for investor-owned-utility control of energy efficiency. We hope that day comes soon, because climate change requires *immediate* improvements in efficiency in both water and energy systems.

WEM also applauds the Committee for mentioning innovative use of water resources for power production, and discussing barriers to deployment that should be addressed:

The most widely recognized aspect of the water-energy relationship is power production in large scale hydroelectric power plants and pumped storage facilities. However, water and wastewater utilities have other opportunities to develop energy supplies. These include water storage for peak shifting, in-conduit hydroelectric generation, biogas cogeneration at wastewater treatment

² 173 The numbers for the energy programs come from CPUC documents: 2004-2005, CPUC Rulemaking R.01-08-028, Decision D.03-12-060, 2005-2006, CPUC Rulemaking R.-01-08-0228, Decision D.04-09060. The numbers for the water use efficiency program are discussed in detail in Appendix D of the Water-Energy Relationship Staff Report. The energy savings have been apportioned to Northern and Southern California based on population. The cost for the water efficiency measures assumes an average of \$384 per acre-foot, based on a range of \$58-\$710.

plants, and development of local renewable resources on water and wastewater utilities' extensive watersheds and rights-of-way. However, existing tariffs and operating rules limit the full development of self-generation by water and wastewater utilities. Interconnection constraints and current market rules impede customer self-generation. Limitations on net metering and constraints on service account aggregation also prevent self-generation for geographically dispersed customer loads. (p. 141)

The report has a good discussion of the pairing of wind and pumped storage to provide power when needed most. (p. 144) It could point out also that hydropower and pumped storage are flexible enough to "fill in the blanks" for intermittent renewables.

We are very pleased that the Committee recommends standard performance contracts, touting their flexibility:

Existing energy efficiency programs can be tailored for special circumstances using customized incentives and standard performance contracting. In-conduit hydropower could be treated similarly and included as an element in these tailored programs. Again, the issues of interconnection, sale, or applying the power to multiple accounts will need to be addressed. (p. 142)

The theme of self-generation is accorded respect in the report:

Current rules discourage full use of available biogas for self-generation or to serve offsite loads. Provisions under regulated tariffs enable dairy operations to produce electricity from biogas resources at one location and use it to offset electricity use at multiple locations, under multiple accounts for one customer. This same approach would significantly increase opportunities for biogas generation in water and wastewater agencies. (p. 143)

The report discusses the Governor's Ocean Protection Council (Council)'s investigation of once-through cooling for power plants:

As part of its broader agenda, the Council is interested in understanding and addressing the impacts of coastal power plants' use of once-through cooling on California's threatened coastal marine ecosystem. (p. 143)

Unfortunately, the report only recommends studying the problems and researching ways to minimize the adverse effects:

There is a critical need for collaborative research to support the development of the most appropriate protocols and guidelines to assess the effects of once-through cooling on coastal and estuarine ecosystems. (p. 144)

WEM believes the issue has been studied enough and now is the time for action. Arizona requires dry cooling of power plants; California should do no less. WEM supports dry cooling for all power plants, and not only the ones on the ocean. Rivers and bays are as much or more vulnerable (because they are smaller and shallower) to the harmful effects of power plant cooling. Using treated wastewater for cooling (as proposed for San Francisco's "peakers" and Palomar in Escondido) should not be allowed as an option; sewage treatment has no effect on some very harmful organisms, such as "prions" that cause mad cow disease. Using secondary effluent for power plant cooling creates aerosols that are better able to contaminate large areas of the community. As nearly all power plants are sited in or near low-income people of color neighborhoods, this is a serious violation of environmental justice.

Last but not least, with so much good work in this chapter, WEM is disappointed that it omits mention of solar water heating (which is not discussed anywhere in the report). This single, well-known measure would provide substantial savings of both gas and electricity. Solar water heaters are mandatory in three countries of the world; California's abundant sun makes this a no-brainer.

WEM Comments on Chapter 9, Climate Change

There are times when one word makes a huge difference:

Most scientists now agree that climate change is occurring, is caused by human activities, and could severely affect natural ecosystems and the economy. (p. 150, emphasis added)

Thanks to Katrina, the US is finally beginning to comprehend what the whole world has known for some time: Climate change is severely affecting natural ecosystems and the economy.

In most discussions of the problems with tighter-than expected energy supplies, climate change is rarely mentioned — increased demand is assumed to be a factor of economic and population growth. The report needs to make the connection more explicit between global warming and higher temperatures that we are already experiencing. Instead, these matters are presented as something that "would" happen *in the future*:

Increased energy demand would result from higher usage for residential units, commercial buildings, and water pumping for urban and agricultural use. (p. 153)

The result of treating climate change impacts as something that “could” or “would” happen later on, but not now, not yet, is to dampen the sense of urgency to deal with it. From the work of Ross Gelbspan (*The Heat Is On, Boiling Point*) and others, we know that this goes beyond mere bureaucratic sluggishness; the energy industry and its front groups, such as Natural Resources Defense Council, have spent millions to discount the alarming message of international climate scientists, keeping the U.S. public confused and complacent and preventing our policy makers from taking the drastic steps necessary to address the crisis.

WEM is disappointed that the Energy Commission is still in such a fog on this issue. Chapter 9 begins by boring readers with lengthy descriptions of developing systems to quantify emissions credits for future trading, a pet project of NRDC and the Climate Action Registry — run by a former Southern California Edison Vice President.³

Then the report tips its hat to the Governor’s climate change initiatives — certainly ground breaking compared to national Republican leaders whose heads remain permanently buried in the blood-soaked sands of the Middle East — but nowhere near adequate to the challenge.

What this Chapter — and the whole report — should be doing is issuing a call to action for the state and all its residents and businesses to embark immediately on programs to achieve 70% reductions in greenhouse gas emissions as soon as possible, which is what the climate change scientists tell us is necessary to preserve life. Not “life as we know it” with two-car families, appliances and industries humming day and night, — but life itself. Climate change destruction to animal and plant species on land and sea is already immense, humans must understand that we are part of the web of life, and cannot survive if it continues to shred.

Instead, the report drones on with a description of work the Commission is doing to quantify “cost-effective” greenhouse gas (GHG) reduction potential:

³ A whistleblower informed WEM that the dirty secret of the Registry is that utilities are gearing up to steal valuable credits for energy savings that were primarily funded by their large customers, and the expensive development of the Registry’s database is a duplication of a more detailed database already operated by the US DOE. The report endorses the Registry (p. 159).

In all, based on a very preliminary baseline emissions estimate developed by the Energy Commission, there appear to be sufficient emissions reduction opportunities available in the state to contribute significantly to the GHG reduction targets established by the Governor in June 2005. (p. 155)

All very nice and professional, but when your house is on fire, would it be a sane response to sit at your desk and do an inventory and cost-effectiveness calculations of various ways to fight fires? Wouldn't it be more appropriate to get off your butt, sound the alarm and *wake up the Governor* to what is really needed?

On and on it goes, dry, legalistic, bureaucratic and above all, *economic*:

As directed by the Legislature in Senate Bill 1771 (Sher), Chapter 1018, Statutes of 2000, the Energy Commission established the Climate Change Advisory Committee to advise the Energy Commission on "the most equitable and efficient ways to implement national and international climate change requirements." Its membership represents key sectors of the California economy that will be affected by climate change. (p. 155, emphasis added)

How could anyone imagine that there are sectors of the economy that will *not* be affected by climate change?

But here are representatives of California's utilities, fossil fuel generators and largest users⁴ getting together (with a few white "environmentalists" and academics for window-dressing) to advise the Energy Commission.

Although the Group endorsed planning efforts to meet the Governor's modest goals, the report's summary of the Advisory Group's recommendations shows that it worked to protect its members' interests by recommending regional and national efforts rather than potentially "radical" local programs, performance incentives and "cap and trade" rather than mandatory standards, and national leadership and "greenwashing" opportunities for California industries in the event somebody ever tries to do anything

⁴ Current members of the Climate Advisory Group: Bennett, John, CA Portland Cement Co.; Cavanagh, Ralph, Natural Resources Defense Council; Cory, Cynthia, CA Farm Bureau Federation; Duxbury, Peggy, Calpine; Heald, Robert, UC Berkeley; Hertel, Michael, Edison International; Knight, Ben, Honda; Margolis, Josh, Cantor Fitzgerald; Mark, Jason, Union of Concerned Scientists; Meacham, Michael, City of Chula Vista; Michelson, Denise, British Petroleum; St. Martin, Greg, PG&E; Parkhurst, Robert, Hewlett Packard Corporation; Proegler, Mark, British Petroleum; Pulling, Wendy, PG&E; Schneider, Stephen, Stanford University; Schori, Jan, Sacramento Municipal Utility District; Skinner, Nancy, The Climate Group; Walker, Christopher, Swiss Re; White, V. John, VJWA/CEERT; Young, Abby, ICLEI; Zender, Charlie, University CA Irvine

significant to reduce emissions. The electricity subcommittee couldn't even agree on its main points, and issued minority recommendations including:

- The relative “carbon-efficiency” of California’s electricity system compared to neighboring western states has been achieved by substantial investment by IOUs in energy efficiency and renewable energy. All LSEs should be required to meet the same Renewable Portfolio Standard goal.
- Early dramatic reductions in GHG emissions will be expensive and unnecessary if the state transitions to a low- or zero-carbon energy system over a longer timeframe.
- Since California will continue to rely on coal for some portion of its electricity, the state should take a leadership in developing technologies that capture and store CO₂. (pp. 155-156)

The first bullet point in the excerpt above credits investor-owned-utilities for energy efficiency and renewables. This attempt to falsify history would be laughable except that it is so persistent. From the 1970s through today, it was only the insistence of the public and the momentum of public programs overseen by CPUC and CEC that forced IOUs to provide energy efficiency. These are not “IOU investments” they are public funding mechanisms mandated by the Legislature or CPUC that are merely collected by the IOUs.⁵ Time and again the IOUs have slashed energy efficiency budgets and had to be pushed and bribed with outrageous profits to reinstate them.

Even more clearly, renewables installations are not “IOU investments.” Again they are built with public goods funds augmented by private investments. Utilities were not involved except to collect the funds from ratepayers.

The second bullet point reveals that rather than coming up with “equitable and efficient ways” to implement GHG reductions, these members are working to slow things down in the name of providing a “perfect” solution someday.

And finally, the last point presents as a “done deal” the Governor’s dishonest proposal to “clean up California’s air” by promoting coal power plants in other states to provide power for California. It timidly recommends only CO₂ mitigation for plans such as Sempra’s to build a highly polluting coal power plant in Nevada.

⁵ This includes the current “procurement” funded portion of the EE portfolio. The utilities were forced to make these investments in order to meet mandatory savings goals set by CPUC, but the money is collected as a surcharge, similar to public goods funds, instead of being a rate-based investment.

The report fails to mention that the Governor is using the chimera of “clean coal” and the promise of tiny amounts of wind power to promote a host of new coal plants in Dick Cheney’s home state, Wyoming, and the extra-long Frontier transmission line to bring that power to California. This represents a disastrous diversion of resources that should be used to build local renewables instead

WEM notes that there is one reference to environmental justice in the Advisory Group’s recommendations:

The state should empower local governments to support low-GHG strategies through partnership opportunities and by addressing environmental justice concerns. (p. 158)

The report does not mention who the “partners” would be, and how the State might “empower” local communities that it has been shaking down to fund state programs the last few years. The Commission appears to be punting to local jurisdictions to provide environmental justice, which it sadly ignores in its own decisions.

WEM believes it will be necessary for people to think beyond the artificial world of “the economy” if we are to have any hope of saving ourselves and each other. The people who survived the floods, heat, thirst and famine in New Orleans did it without help from the economy, and in spite of “key economic sectors” that would have been quite pleased if they all died.

With all due respect, WEM believes that poor people of color from communities with existing or planned power plants would be a much better Advisory Group to help the Commission to ensure “equitable and efficient” ways to address climate change. After all, they know best how to survive with practically nothing — therefore, very low GHG emissions. They have few cars, can afford little heat or air conditioning, and still go fishing to put food on the table. WEM is working with some women from these communities who are concerned about climate change and are extremely interested in doing all that they can to build affordable housing and energy for themselves and other poor people across the land using clean, efficient, non-polluting technologies.

Rather than use siting cases and climate change policies (include cap and trade) to further pollute and disenfranchise low-income people of color communities, the Commission could become inspired by consulting with them. It could provide real assistance to them and others who understand that climate change impacts are already happening and there is an urgent need for drastic action. The Commission could bring the people of California together (not just the big money “stakeholders”) to create a clean energy future that works for all of us. The Governor would get the picture.

Dated: September 27, 2005

Respectfully Submitted,

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CERTIFICATION OF SERVICE

CEC Docket No. 04-IEP-01K (Committee Draft Document Hearings)

I, Barbara George, certify that on this day September 27, 2005 I caused copies of the attached WOMEN'S ENERGY MATTERS COMMENT ON DRAFT COMMITTEE REPORT CHAPTERS 8 (WATER/ENERGY) AND 9 (CLIMATE CHANGE) to be served on all parties by emailing an electronic copy and mailing one original to the CEC Docket office.

Dated: September 27, 2005 at San Francisco, California.

DECLARANT